

SENATE BILL 2304

By Bunch

AN ACT to amend Tennessee Code Annotated, Title 47,
Chapter 32, Part 1, relative to the "Residential
Closing Funds Distribution Act of 2005".

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 47, Chapter 32, Part 1, is amended by adding the following language as a new, appropriately designated section:

Section 47-32-1__.

(a) No contractual provision mandating the selection or use of a real estate settlement agent or attorney by one (1) party to a real estate contract, imposing such obligation on another party to the contract, shall be enforceable.

(b) No party to a real estate contract shall attempt to enforce against any other party any provision specifying the use of any particular title settlement agent, attorney, issuing title agent or underwriter as a condition for the receipt of any benefit by any party or coerce such use by any means or incentive.

(c) Any party that attempts to enforce a provision that is prohibited by subsection (a) or (b) shall be liable to the party in an amount equal to one thousand dollars (\$1,000) together with double the cost of the closing service attempted to be controlled and the title insurance premium attempted to be controlled, or both, plus reasonable attorney's fees and the cost of enforcement of any action to enforce compliance with these provisions. Such penalty is in lieu of the penalty provided in § 47-32-107 (a).

(d) Nothing in this section shall prevent a financial institution that is financing a purchase or refinance transaction from maintaining a list of settlement agents that it approves to close its transactions.

SECTION 2. This act shall take effect July 1, 2007, the public welfare requiring it.

